Item 1: Housing and Community Services Department
Rent Assistance, Housing Stabilization, and Mortgage Assistance

Analyst: Michelle Deister

Request: Establish Other Funds expenditure limitation for the Housing and Community Services Department (HCSD) for funding from the Coronavirus Relief Fund received by the Department of Administrative Services and transferred to HCSD, in the amount of $75,000,000, and authorize the establishment of 2 permanent positions (1.00 FTE), to provide rental assistance to landlords on behalf of Oregonians who have been impacted by income loss (unemployment or underemployment) due to COVID-19, and to provide operating assistance to affordable rental housing projects under contract with HCSD.

Description: The limitation will be supported by the Coronavirus Relief Fund and utilized by the Housing and Community Services Department (HCSD) to provide rent assistance and administrative funding as follows:

Rent Assistance on behalf of tenants: HCSD will use $55 million in funding to provide rent assistance and administrative funding for rental assistance to landlords of tenants who are unemployed or underemployed due to COVID-19. Eligible households must be at or below 80% of area median income for the county in which they reside. Community Action Agencies will administer the rental assistance, via HCSD’s existing agreements. In the event that a community action agency will be unable to fully disburse its share of the funds based on its time bound expenditure plan, HCSD will direct award a portion of the funds to a housing authority or other applicable agency to ensure that all funding is fully disbursed by December 31, 2020. Up to 5% of funding may be used for administrative expenses to provide enhanced technical assistance by HCSD.

Operating Assistance to Affordable Rental Housing Projects Under Contract with HCSD: HCSD will use $20 million to provide operating support to owners of affordable rental housing projects that have long-term affordability covenants with HCSD. Due to COVID-19, some of these projects may face higher than sustainable levels of rent arrearages allowable with the eviction moratorium. The income level of the tenants in these properties makes it unlikely that they will be able to amass the amount of cash needed to pay back rent even when the economy reopens and many find jobs, as well as pay monthly rent going forward. Missing rental income deteriorates the ability of owners to sustain the operations of the project, including payment of outstanding property debt and financing, making required reserve contributions, and supporting higher cleaning costs in response to COVID-19.

The funding will be loaned, allowing owners to continue operations, capitalize reserves, and/or provide for deferred maintenance during COVID-19 recovery. The owners will have the ability to continue to hold the loans, making cash flow contingent repayment, or to satisfy the loan by forgiving an equal or greater dollar amount of rent arrearages.

It is assumed that this mechanism will take approximately six weeks to establish, including outreach to eligible properties to prepare them for possible program participation. Once the program is established, two permanent Loan Specialist 3 positions (1.00 FTE) will be needed to track the loans and repayments, at a cost of $234,154.
**Mortgage Payment Assistance:** HCSD has received authority from the U.S. Treasury to disburse approximately $25 million in remaining Hardest Hit federal foreclosure prevention dollars still available to Oregon. The Oregon Housing Stabilization Initiative (OHSI) is a subsidiary organization of HCSD set up to administer Hardest Hit funds distributed by the U.S. Treasury during and immediately following the Great Recession, pursuant to the Troubled Asset Relief Program. HCSD has received permission to utilize the remaining Hardest Hit funds to provide mortgage payment assistance to Oregonians with incomes adversely impacted by circumstances due to COVID-19. No additional limitation is required for this program. HCSD will use existing available program administrative allocations to fund its administrative costs related to the OHSI program.

**Recommendation:** The Co-Chairs of the Emergency Board recommend establishing Other Funds expenditure limitation of $55,000,000 for the Housing and Community Services Department (HCSD), for funding rent assistance payments and associated administrative expenses on behalf of tenants at or below 80% of area median income, from the Coronavirus Relief Fund received by the Department of Administrative Services and transferred to HCSD; establishing Other Funds expenditure limitation of $20,000,000 for operating support to affordable rental housing properties with long-term affordability covenants with HCSD, from the Coronavirus Relief Fund received by the Department of Administrative Services and transferred to HCSD; and establishing 2 positions (1.00 FTE) in HCSD to administer loan agreements associated with operational assistance to those affordable housing properties.